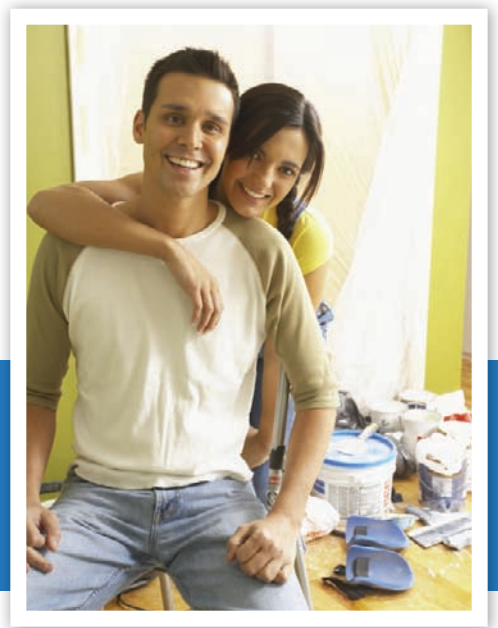


# \$8,000

## First-Time Home Buyer Tax Credit



The American Recovery and Reinvestment Act of 2009 features an \$8,000 tax credit for first-time home buyers who purchase a home on or after Jan. 1, 2009 and before Dec. 1, 2009. Tax credit equal to 10 percent of the home's purchase price, up to a maximum of \$8,000.

### Who is Eligible?

- Only first-time home buyers are eligible.
- The law defines "first-time home buyer" as a buyer who has not owned a principal residence for a period of three years prior to purchase.
- All U.S. citizens who file taxes are eligible.

### Payback Provisions

- This is a tax credit, not a deduction. **The tax credit DOES NOT have to be repaid.**
- The only repayment required is if the home is sold within three years of the purchase date.

### Eligible Properties

- Any property that will be used as a principal single-family residence.
- Single-family, townhouses or condominiums qualify.
- New construction homes qualify as well.

### Income Limits

- The income restriction is based on the tax filing status the purchaser claims when filing his/her income tax return.
- Individuals filing Form 1040 as single (or head of household) are eligible for the credit if their income is no more than \$75,000. Married couples who file a joint return may have income of no more than \$150,000.

### Effective Dates

- First-time home buyers will receive an \$8,000 tax credit for the purchase of any principal single-family residence on or after January 1, 2009 and before December 1, 2009.
- To qualify, you must close on the sale of the home during this period.

### Tax Credit is Refundable

- A refundable credit means that if you pay less than \$8,000 in federal taxes, then the government will write you a check for the difference.
- For example, if you owe \$5,000 in federal income taxes, you will pay nothing to the IRS and receive \$3,000 from the government.
- If you are due to receive a \$2,000 tax refund, your refund will grow to \$10,000 (\$2,000 + \$8,000 from the home buyer tax credit).
- Buyers can take the credit on their 2008 or 2009 income tax return. (Ask a REALTOR® or consult with your tax advisor.)

### 2008 Tax Credit

- The \$7,500 credit in 2008 was more like an interest-free loan.
- All eligible purchasers who claimed the 2008 credit will still be required to repay it over 15 years, starting with their 2010 tax return.



Ask a REALTOR® or consult with your tax advisor.  
To learn more about the tax credit, visit  
[www.wisconsinhomebuyer.org](http://www.wisconsinhomebuyer.org)

**WRA**